

**Nimal Perera: That Is Luck!**



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*A self made man who has reached the pinnacle of his career, his name reverberates in corporate circles. The Colombo Stock Exchange reacts to his movements, his passion in trading and acquisitions. Controversial and outspoken, Nimal Perera is a force to be reckoned with. He believes that luck is the driving force that is strengthened with commitment, determination, integrity and honesty. Considered to be a high net worth investor, Nimal Perera is humble and does not hesitate to take a moment to listen to those he employs. Actions make the man. This is his story.*

*By Udeshi Amarasinghe  
Photography Menaka Aravinda*

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## **You are very controversial to say the least, who is Nimal Perera?**

I am very outspoken that is why I am controversial. I am from a rural village and I completed my education at Pinnawala Central College in Rambukkana. After completing my Advance Level examinations, I migrated to Colombo like most others and then began my career.

I started by conducting private tuition classes in Panadura, Kalutara, and Moratuwa for Advance Level and Ordinary Level students and I joined the Institute of Chartered Accountants to follow accountancy and then joined the Sri Lanka Technical College to do a higher national diploma in accountancy, after which I started working. I completed my articles in accountancy at Tudor V & Co, where I worked for four years. That was my university. The experience I gained at this firm helped me to move out from auditing to be a professional accountant at Bartleets. Then I moved on to Union Trust and Investments, Sherman Sons and from there to Pan Asia Bank, where my entire life changed. Everything started from Pan Asia Bank.

**In Our Journey For More Than 12 Years Everyone Has Spoken Ill Of Dhammika And Myself... But We Have Proven All Of Them Wrong, We Are Corporate Leaders Today.**

**Can you explain how you became interested in companies, the stock exchange and acquisitions?**

At Shermans I used to follow the way some of my directors traded in the stock exchange. There was one particular director who was fully engaged in trading. I used to overhear him dealing with brokers and buying shares. Following his lead I bought my first 100 shares of Sampath Bank from a broker at Bartleets. That was my first transaction and then I went into details. While working at Shermans I created a small portfolio for myself. In the 1980s I was assigned to manage the Sherman portfolio, which was worth 50 million rupees at that time. Then I moved to Pan Asia Bank as a marketing person and there I met Dhammika by accident. By that time I had created a name for myself in a different way - in stock market operations. I met Dhammika through a mutual friend as he was interested in taking a stake in Pan Asia Bank. That was the beginning of a very strong relationship that helped both of us to journey this long road. We have reached only half way, we have much farther to go.

Before I met Dammika I was instrumental in acquiring a major stake in Pan Asia Bank by Samurdhi. I was very close to Minister S B Dissanayake. It was at this time that I was asked to leave Pan Asia Bank after three years due to certain disagreements. I informed Minister Dissanayake. I was invited to join the bank again as a very senior person. Dhammika took over the majority share, I could no longer work as an employee at Pan Asia due to the power and authority I had through my acquisition, therefore, I resigned.

From there I continued on this journey acquiring companies; first we acquired Amaya Leisure, which was Connaissance de Ceylan, for about 120 million rupees. Today it is worth more than two billion rupees. Then we acquired Royal Ceramics, LB Finance and Hotel Reefcomber, which is now known as Citrus. But we disposed our stakes in the hotel due to another issue and then we acquired Horizon Hotel, demolished it completely and built Fortress. We acquired a strategic stake of almost 25 percent in Asian Alliance but later disposed it as well. Our first IPO was Vallibel Power Erathna and next we acquired Vallibel Finance, which was earlier Rupee Finance.

The most significant event in my entire business life was the acquisition of Hayleys. No one imagined that Hayleys could be touched, but I planned it in such a way so that things would happen in our favour. Dhammika gave me his fullest support. Many of those whom I consulted said that we could not do it as many people had tried before. I was confident in my strategies. The first ten percent was acquired after a chat in the gym. By acquiring that ten percent block we were able to take over another ten percent. Many thought that we would not be able to go beyond

that because internally they held about 30 percent and then another 29 percent was held by foreigners and other funds.

Therefore, after acquiring 20 percent no one thought that we would go beyond and that we were making a very big mistake. Some even went to the extent of telling Dhammika that I had put him in trouble. The board was resisting us as they never wanted us to come in. With Dhammika's full blessing I strategised to takeover the majority stake. You have to be very aggressive and take serious actions to challenge them. We managed to obtain one seat on the board for Dhammika. Then I got into the board and we were able to change the powerful chairman and director of finance and gradually takeover the remaining shares. Through that we reached 30 percent control. Once we were on the board I was able to determine the best possible way to takeover full control of the company, but we did not have the control of the board, we had only two seats. I strategised on how to take control of the board. I created a situation where all the directors who were against us had to resign. Then, we were able to appoint friendly directors - those who support us - to take control of the board.

The next challenge was to take the internal block of Hayleys, to do that we did a swap with Dhammika's holdings in Amaya Leisure to Hayleys. Now we have approximately 48 percent. We need only another three percent to completely takeover the company. This is the most significant achievement in my life - taking over Hayleys under Dhammika's authority. Hayleys is one of the oldest and most respected companies in the country. In our journey for more than 12 years everyone has spoken ill of Dhammika and myself. We have been branded as casino operators and thugs, but we have proven all of them wrong, we are corporate leaders today.

Dhammika became the Chairman of Sampath Bank very recently and I will be the Chairman of Pan Asia Bank in another few months time. Those who spoke ill of us will now realise who we truly are. Mr Rajendra Theagarajah and Mr Rienze Wijetilleke are two people who have always supported us. Mr Theagarajah once said that we would lead the corporate world and that has come true today. Then we acquired the strategic block of Sampath Bank. Today, Sampath Bank and Pan Asia Bank are under our leadership.

### **What can you tell us about the acquisition of Delmege?**

Delmege was our most recent acquisition. Similar to Hayleys, Delmege is one of the

oldest companies in the country. I was able to negotiate with them and once Dhammika gave his approval we acquired the company purely for its real estate and logistics network. That was one of the largest acquisition we did.

### **The acquisition of George Steuart was one of you own ventures.**

Yes, I actually acquired George Steuart with Dilith Jayaweera. With Dhammika's blessings I acquired 20 percent, but I disposed my stake with a substantial gain to Dilith as he wanted the controlling stake of George Steuart. I firmly believe that whatever stakes you have if you get the right price, then you should sell and move out. You should not get emotionally involved.

I also acquired the controlling interest of Tangalle Bay Hotel recently for myself under my company - N Capital.

### **Today Vallibel One Is One Of The Largest Conglomerates In Sri Lanka.**

#### **What can you tell us about the IPO for Vallibel One?**

The private placement for Vallibel One was the biggest private placement in Sri Lanka. It was the most successful private placement in the recent past. We did not do any roadshows or presentations but we were able to secure 4.6 billion rupees within a day. We only had a dinner for all the brokers and explained to them the process and what our future plans would be and the next day the private placement was very successful and oversubscribed by two and a half times. Then we had the IPO, which was over subscribed by six and a half times. I am very proud to have been associated with this and today Vallibel One is one of the largest conglomerates in Sri Lanka.

#### **Can you speak to us about your entry into the sports industry?**

I was the treasurer of Sri Lanka Cricket for two terms. I was also the Treasurer of the Sri Lanka Athletic Association. My involvement with sports during the past has been a great strength to me and has enabled me to become involved in a greater way.

During the end of last year I acquired the franchise of Sabaragamuwa Stallions. I felt I needed to diversify my interests from the stock market and acquisitions. I met the young and energetic leader honourable Namal Rajapaksa and he gave me the opportunity to take over the Sabaragamuwa Stallions under N Sports, which is one of my companies.

I feel that sports marketing and sports business will have a future. Rugby is a very energetic game and many countries participate in this game. If you take cricket it is a very big business and soccer is even bigger than cricket. Therefore, we can do much in this industry. His Excellency, President Mahinda Rajapaksa has recognised this importance and has given BOI status to sports related industries. I also engage in sports related activities as part of my CSR.

**If we look at the stock market your name is tightly linked with it, why is that?**

My name is always linked with the stock market. Over the last few years no one could talk about the stock market without mentioning my name, because I was heavily involved in the trading of shares.

There are those who speak good as well as bad of me. However, my involvement has been one of the main contributions to the turnover of the Colombo Stock Exchange. For a day my turnover is around two to three hundred million rupees per day in the past, so you can see the amount of brokerage, CESS and other levies that they generate. I know I am a very big player in the stock market.

I am not too involved in the stock market now due to the unfavourable conditions but my portfolio is extensive. I must, of course, thank His Excellency, President Mahinda Rajapaksa and Defence Secretary Gotabaya Rajapaksa, as they created a business friendly environment for us to earn our wealth by ending the war that grappled our country for 30 years. I earned all my money after May 19, 2009 – the day the war ended – before that I had a very small portfolio. Today people say that I am a high net worth investor, therefore, in order for them to say that I must have a good portfolio.

I was one person who could foresee what would happen so I invested heavily and borrowed extensively. I had at that time a very large margin trading facility, which I used to the maximum. I made a lot of money and made a couple of controversial deals. I am a person who might buy in the morning and sell within a couple of hours or the next day. Usually no one will do that, what they do is buy and keep it for many years. But, that does not allow you to make money, because the present world market does not behave in that manner. You cannot buy and keep for many years and then expect capital gains, you have to trade. I am technically a trader not an investor. There is a big difference between the two – investors will just buy and keep, they are not worried about their investment, because one day they will

regain the money they have spent. But, traders are not like that; actually their mentality is totally different and you have to be very aggressive. A trader needs to accept losses just as well as profit. The same way I make profit I have also made losses. To just state one example, by trading Grain Elevators I lost 40 million rupees. There are many more but no one talks about my losses. 40 million rupees is a big loss. Then by trading on Laughf Gas shares I made another loss of 30 million rupees. My critics only calculate my profit, which I have made on my deals.

I am a trader, not an investor. Due to the volume of my trades and the way I trade I have become very controversial.

**My Name Is Always Linked With The Stock Market... I Am A Trader, Not An Investor Because Of The Volume Of My Trades And The Way I Trade I Have Become Very Controversial.**

**There is a perception that you are making profits in the stock market due to insider trading. What are your thoughts on this?**

Firstly, people should understand what insider trading means; for example, I am an insider of Royal Ceramics, why do I say that? I am the managing director of the company, therefore, I have access to all sensitive information. If I buy and sell Royal Ceramic shares being privy to very sensitive information that is insider trading. I can categorically state I have never traded on companies, which I am privy to sensitive information.

I have not engaged in insider trading because I have not traded on company shares where I am privy to sensitive information. Even if I have traded on my own shares, I have disclosed all my transactions to the Colombo Stock Exchange (CSE). The CSE website publishes the announcements that we make on our transactions. If you have engaged in insider trading and you have gained unnecessary profit by using this information, then the Securities and Exchange Commission and the CSE have surveillance and investigations divisions that will catch you.

These are perceptions of people who do not know the meaning of insider trading. It is a very wrong perception. These allegations are made by jealous people who are also hypocrites, we refer to them as *kuhakayas* in Sinhala. By making unnecessary trouble for other people they do not gain any benefit but they also do not like to see anyone else doing well. They have this miserable pleasure of putting others in trouble.

### **Do you think it is the right decision to regulate the stock market and curb trading on borrowed money?**

The market needs to be regulated, if not there would not be an equal playing field. Then people can use their power and authority and do whatever they want and will try to make money at the expense of others. Therefore, the market has to be regulated and credit too needs to be curtailed up to a certain limit.

However, the market should not be over regulated. Our market is still very premature. That is inevitable because we have overcome a 30 year long conflict. We were suppressed and not privy to such a boom in the market. But, when the market starts to pick up and gather momentum if we implement regulations of developed markets, then we will kill the entire enthusiasm and the movement. This is what has happened in our market today.

### **Do you think the regulators are qualified or capable?**

The current and past regulators are all capable and qualified. However, there are some who have vested interests. There is one particular commissioner who is a director of two public listed companies and also in one other company, where private placement took place recently. There is no one to question this. How can a person who is a director of a public listed company be an independent commissioner? Can other companies expect justice when such commissioners are appointed?

### **Do you consider the stock market sacred and if so why?**

I said the stock market is sacred at a forum because they were talking about whether it is a bloodbath or a gold mine. The stock market is very sacred to me because I made all my wealth from trading. My salary on its own is not sufficient to educate my children and also to lead a good life. It is through the stock market that I have been able to earn my wealth. Therefore it is a very honourable institution to me. If not for the stock market of Sri Lanka and again thanks to His Excellency Mahinda Rajapaksa, Defence Secretary Gotabaya Rajapaksa and the commanders of the three forces who created a conducive environment for people like me, who have come from the village without any connection to the Colombo society to grow. The stock market was dominated and controlled by people who consider themselves as the elite, I was able to break that 'monopoly' and rise to this position.

That is why many people are jealous of me and are making various allegations. If I am doing insider trading, then they should prove it. Most people do not like to see people like us who have come from the village to perform well and become corporate leaders. Dhammika is almost the richest man in the country. He has all the qualifications to get into the Forbes list. We should really value his wealth. He does not have indirect wealth like other people who have their ownership distributed amongst family members and have interconnected companies. If you look at Dhammika, his wealth is under his name. That was his concept from the beginning to have 51 percent controlling interest and then it is very easy and clear to calculate the wealth. Without any hesitation or doubt I can tell that he is the richest man in the country.

**The Stock Market Was Dominated And Controlled By People Who Consider Themselves As The Elite, I Was Able To Break That 'Monopoly' And Rise To This Position.**

**It is well known that Dhammika Perera and yourself are very close. What can you tell us about this relationship?**

I am very happy about his success. Dhammika has 100 percent trust in me and he gave me the free hand to do whatever I want and take any action. I appreciate the trust and the confidence he has in me. He has given me his fullest support in all of my endeavours. There are those who think we are in dispute and that we have a problem in our relationship, but there is no such thing and we laugh at those people. We are in touch with each other everyday. Our relationship is built on a different formula, I disclose everything to Dhammika in my life. It is easy to destroy a relationship, but it is very difficult to build one. That has happened in the past to others. Our relationship is very strong today and it will be so in the future. Even if I receive a corporate gift I always tell him as someone else can always make a story out of it. That is why this relationship is so strong.

**People think that the problems with the stock market is your doing. Are you that powerful?**

In the market I am one of the key contributors and normally have two to three hundred million rupees turnover per day. Therefore, if I am not there it is significant. Now I am very silent. It is the volume of my trading and also how I do my trading that is the key to the stock market. That may make me seem powerful.

I manage only Dhammika's funds and my own funds. That takes up all my time. Dhammika is not a trader but he is an investor. I only do the acquisitions and strategic transactions for him. My portfolio is very big so I have to concentrate on that completely.

### **What type of businesses capture your interest?**

Basically, any business is business as long as it is not illegal. I am a specialist in acquisition and I love to do acquisition. I love to strategise and make people excited. My passion is the stock market and acquisitions. I do not think that anyone has done acquisitions like I have in Sri Lanka.

I am actually the only person who disposed a listed company within a day to the market. No one has done that. Within a few hours I disposed the entire controlling block of Reefcomber Hotel to the market. We owned 51 percent, but it did not fit our model so we sold it to the market. We were able to sell for 4.20 rupees per share and within two hours we disposed the controlling block. That was another historical event, as no one has disposed the controlling block in the stock market.

### **I Do Not Think That Anyone Has Done Acquisitions Like I Have In Sri Lanka.**

### **If we move onto the private sector in general. What is your perception of the performance of the private sector right now? Are they utilising the full potential available after the end of the war?**

The private sector is the most important sector in the country. Most private sector organisations are doing well after the end of the war. If we look at Royal Ceramics we had a turnover of 1.3 billion rupees in the month of December, which is the highest in the history of the company. I do not think any company in Sri Lanka has achieved that kind of turnover and in the month of December itself we made 300 million rupees net profit. A single branded product company can't make that kind of profitability unless we have a very good environment in this country. This is purely from local sales and the construction industry is booming - that is why we can sell tiles and bathware. If the construction industry is not booming you can't make these kinds of sales. This indicates that the economy is booming. All the banks are doing well. In order for the banks to make profits other activities should also happen in parallel, such as leasing and lending.

All these show that the economy is doing well mainly because of the private sector.

There are certain companies that are running at a loss due to mismanagement and lack of funds, but you cannot blame the economy or the government for that. But at a macro level you see that the economy is doing well. In order for the economy to do well definitely you have to have a good private sector. The private sector is performing very well. Take all the hotels in Sri Lanka right now, they are all booked. You can't get a room. If the hotel sector, tourism industry and the construction industry are doing well, then the ancillary companies and suppliers will also gain. If you take Royal Ceramics, we have paid the highest bonus in the country to our workers.

The private sector can do better, but you need to have a vision, good strategies in place and the capital. If you have the main three aspects - capital, human capital and the market - you can do anything. If we look at LB Finance, it is making 1.8 billion rupees this year. We started with a negative asset and it was making losses, but with our leadership it is doing well. Amaya is one of the best Hotel Management companies in the country. That is because of the leadership and the vision. Pan Asia Bank, which was a loss making institution when we took over has made 830 million rupees in net profit during the last financial year. We were able to declare a dividend as well.

### **With over 30 years in diverse fields, what plans do you have for the future?**

Of course I have come to a stage where I have made my money. I have two sons and both are studying in the US. I have my own retirement plans. I hope to retire soon because I want to enjoy the balance part of my life. I cannot work like this. I normally work about 18 hours and sleep for about five hours a day. I want to have peace and quiet for the rest of my life and not attend meetings, cocktails and various events. I do a lot of travelling because of my involvements in business. I will leave the investments in the stock market and have a peaceful retirement.

**That Is Basically My Luck. I Always Believe In Luck Otherwise Everyone Can Be Me And Can Act Like Me... Luck Is The Number One. We Have To Be Positive And Also Very Importantly, Human.**

### **What drives you to achieve success?**

That is basically my luck. I always believe in luck, otherwise everyone can be me and can act like me. Luck is number one and then comes commitment, dedication,

integrity and honesty. Those are the five factors. Luck is the number one. We have to be positive and also very importantly, human. There are times that you have to be tough as well. When you manage about 1,600 employees, you have to be very tough and make difficult decisions.

You have to be very human and be with your employees. We have to understand their problems. I don't think any managing director of my nature will communicate with their floor level staff and union members. All my employees have access to my phone and it is on 24 hours a day. They SMS me in Sinhala and I reply to them on time. That accessibility is very important to have a successful business. This is how I operate.

Wealth distribution is part of my life, because I believe strongly that you have to distribute the wealth to all the stakeholders. Not only shareholders, but your employees are also very important aspect of your organisation. But, it is also a social responsibility and duty to look after your employees. But when it comes to action you have to be tough. That is my way of doing things.

I have also had the luck to associate with all the top influential people. There may be a time when you are down, but then in a few months you are up and running again. I believe in numerology. I am a number eight. During my life I have been very close to powerful people and there are also times that I have been away from the limelight. I associate with the top leaders in a different way. That is luck. Otherwise everyone can be Nimal Perera or Dhammika Perera. The differentiation is luck.

I don't have a MBA nor do I have a degree. I only have my Advanced Level qualification and I am a partly qualified Accountant. But my sons are studying in the US, that is luck. I never even dreamt of sending my children to international school or even to Royal. That is luck. They also have the luck to be my children. When I first came to Colombo I did not even have a trouser to wear. If you have luck you can't stop or block the path you are meant to travel.



